

Message Text

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INFO AMEMBASSY BONN

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C O N F I D E N T I A L SECTION 1 OF 3 MADRID 9118

E.O. 11652: GDS

TAGS: PINT, SP, ELAB

SUBJECT: THE PSOE ON THE EVE OF ITS CONGRESS

REF: (A) MADRID 8990; (B) MADRID 7195; (C) MADRID 8659

SUMMARY: ON THE EVE OF ITS CONGRESS, THE PSOE LEADERSHIP, THROUGH UNCERTAIN ABOUT THE FUTURE, LOOKS BACK OVER ITS FIRST POST-FRANCO YEAR WITH CONSIDERABLE SATISFACTION. THE PARTY, THOUGH DIVIDED TO SOME DEGREE OVER HOW FAR LEFT IS ENOUGH, HAS STRENGTHENED ITS CREDENTIALS AS THE ONLY VIABLE DEMOCRATIC ALTERNATIVE TO THE COMMUNISTS ON THE LEFT AND THE LEADERSHIP, THOUGH YOUNG AND RELATIVELY INEXPERIENCED, HAS PERFORMED WITH SOME SKILL UNDER FIRE. BUT THE PSOE IS LIKELY TO FIND THE COMING YEAR EVEN MORE CHALLENGING AND DIFFICULT THAN THE LAST ONE HAS BEEN. THE PARTY WILL BE CONFRONTED WITH A SERIES OF CRITICALLY IMPORTANT DECISIONS, PARTICULARLY THOSE CONCERNING ELECTORAL TACTICS AND STRATEGY. AND THESE DECISIONS MAY HAVE TO BE MADE UNDER PRES-
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SURE FROM A PARTY BASE WHICH HAS TAKEN ON A MORE RADICAL

HUE WITH THE PARTY'S FAIRLY RAPID GROWTH OVER THE PAST YEAR. THE LEADERSHIP'S POSTURE ON THE GOVT'S REFORM PROGRAM, WHICH HAS GROWN TOUGHER AS THE DECEMBER 5-8 CONGRESS IN MADRID APPROACHES, DEMONSTRATES IN PART ITS SENSITIVITY TO THIS PHENOMENON, AND FELIPE GONZALEZ HAS ALSO INDICATED TO THE AMBASSADOR (REF A) HIS RESENTMENT AT WHAT HE CONSIDERS GOS EFFORTS TO PLAY ON THIS PROBLEM AND TO PUSH THE PSOE INTO THE "GHETTO" WITH THE COMMUNISTS. PARTY LEADERS, DURING AND AFTER THE CONGRESS, ARE LIKELY TO BE CHALLENGED TO DELIVER ON THEIR AVOWED COMMITMENT TO REPRESENT A BROAD SLICE OF THE LEFT (FROM SOCIAL DEMOCRATS TO NON-LENINIST MARXISTS) IN THE FACE OF PRESSURE FROM THESE MORE RADICAL ELEMENTS TO ADOPT A MORE UNCOMPROMISINGLY REVOLUTIONARY POSTURE. AT ALL EVENTS, MUCH WILL DEPEND ON WHETHER THE PARTY IS ABLE TO ARTICULATE A MODULATED THROUGH CREDIBLY LEFTIST PROGRAM AND TO REPRESENT A CLEAR DEMOCRATIC CHOICE, NOT AN ECHO, VIS-A-VIS THE PCE. END SUMMARY.

1. THERE IS AT THIS TIME NO RIVAL TO THE PSOE AS A VIABLE DEMOCRATIC ALTERNATIVE TO THE COMMUNISTS (PCE) ON THE SPANISH LEFT, NOTWITHSTANDING THE PRESENCE OF TIerno GALVAN'S SMALL POPULAR SOCIALIST PARTY (PSP), THE STIRRINGS OF THE PSOE'S "HISTORICAL" FACTION AND A HANDFUL OF OTHER GENUINELY SOCIAL DEMOCRATIC GROUPS ON THE PSOE'S FLANK, AND THE EXISTENCE OF POTENTIALLY VIABLE REGIONAL SOCIALIST GROUPINGS (REF B). THE PSOE COMMANDS THE SUPPORT OF A SIGNIFICANT SEGMENT OF ORGANIZED NON-COMMUNIST LABOR THROUGH THE UGT -- BACKING WHICH APPEARS GREATLY TO EXCEED THAT POSSESSED BY ANY OTHER DEMOCRATIC PARTY OF THE LEFT OR CENTER-LEFT. MOREOVER, IF IT BECOMES SUFFICIENTLY FLEXIBLE, THE PSOE HAS THE POTENTIAL TO APPEAL TO SECTORS OF THE MIDDLE CLASS, PARTICULARLY WHITE COLLAR WORKERS AND SMALL BUSINESSMEN/PROPERTY OWNERS, AS WELL AS TO BLUE COLLAR LABORERS.

2. A PARTY IN SEARCH OF ITSELF. THE PSOE IS EXPERIENCING WHAT IS CERTAIN TO BE A RATHER EXTENDED PERIOD OF POLITICAL SORTING-OUT AND SELF-DEFINITION, BOTH IN TERMS OF PROGRAM AND STRATEGY, WHICH IS THE PRODUCT OF FORTY YEARS OF STULTIFYING CLANDESTINITY. IT ALSO RESULTS IN PART

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FROM THE YOUTHFULNESS AND RELATIVE INEXPERIENCE OF THE PARTY'S LEADERS, MOST OF WHOM ARE IN THEIR MID-THIRTIES. MOREOVER, SINCE THE PSOE'S EVOLVING CHOICE OF PROGRAM AND STRATEGY WILL DEPEND NOT ONLY ON THE POLITICAL PROCLIVITIES OF THE MEMBERSHIP AND TALENTS OF THE LEADERSHIP, BUT ALSO ON THE INTERACTION OF POLITICAL FORCES -- WITHIN AND OUTSIDE THE PARTY -- EVEN THE PSOE'S EXECUTIVE COMMITTEE LACKS A CLEAR VIEW OF EXACTLY WHERE THE PARTY WILL BE IN

LATE DECEMBER, MUCH LESS IN THE YEAR(S) TO COME.

3. MARXISM AND "MARXISM." PARTY LEADERS HAVE CONSISTENTLY REITERATED THEIR VISION OF THE PSOE AS THE ONLY PARTY WHICH CAN AND DOES BRACKET "TRUE" SOCIAL DEMOCRACY ON THE RIGHT AND NON-LENINIST MARXISM ON THE LEFT. THE PARTY, ALL ITS LEADERS AGREE, IS "MARXIST." BUT THIS MARXISM VARIES FROM ACTING AS A POINT OF DEPARTURE FOR THE MODERATE, PRAGMATIC SOCIAL DEMOCRATIC TENDENCY, PERSONIFIED BY EXECUTIVE COMMITTEE MEMBER ENRIQUE MUGICA AND ECONOMIST MIGUEL BOYER, TO THE RATHER RIGID CONCEPTUAL FRAMEWORK AND BEHAVIOR GUIDE OF THE PARTY'S MORE RADICAL TENDENCIES, REPRESENTED BY PARTY NOTABLES (BUT NOT NOW EXECUTIVE COMMITTEE MEMBERS) FRANCISCO BUSTELO AND GREGORIO PECES BARBA AND, ON THE FRINGE, FORMER EXECUTIVE COMMITTEE MEMBER PABLO CASTELLANO. THE EXECUTIVE COMMITTEE, WHILE UNITED, IS ITSELF SOMETHING OF A MIXED POLITICAL BAG (WITHIN OBVIOUS LIMITS), RUNNING FROM MUGICA ON THE RIGHT, THROUGH FIRST SECRETARY FELIPE GONZALEZ AND LUIS YANEZ, TO LUIS GOMEZ LLORENTE AND ALFONSO GUERRA, REPORTEDLY THE TWO MOST RADICAL COMMITTEE MEMBERS. WHILE THE EXISTENCE OF THESE COMPETING CURRENTS IS BEYOND DISPUTE, WE FIND NO CONVINCING EVIDENCE TO SUPPORT CHARGES OF PCE INFILTRATION OF THE PSOE LEADERSHIP.

4. THE ROLE OF THE UGT. THE PSOE'S TRADE UNION ALLY, THE GENERAL UNION OF WORKERS (UGT), HAS CLOSE LINKS WITH FELLOW SOCIALISTS IN THE PARTY, THOUGH THERE ARE THEOLOGICAL.

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C O N F I D E N T I A L SECTION 2 OF 3 MADRID 9118

UGT SECGEN NICOLAS REDONDO IS A MEMBER OF THE PSOE EXECUTIVE COMMITTEE, AND OTHER UGT OFFICERS ALSO HOLD POSITIONS IN THE PARTY. AS THE PSOE SEEKS TO ENLARGE ITS CONSTITUENCY, THERE IS LITTLE DOUBT THAT IT WILL RELY HEAVILY ON STRATEGICALLY PLACED UGT MILITANTS NATIONWIDE. THE UGT LEADERSHIP, ALTHOUGH IT MUST PROTECT ITS LEFT FLANK FROM AND COMPETE WITH THE COMMUNIST-DOMINATED WORKERS COMMISSIONS (SWC), HAS BEEN TO DATE RELATIVELY FREE FROM PRESSURES FROM RADICAL ELEMENTS, AND IN THAT SENSE HAS PERHAPS PLAYED A MODERATING ROLE IN POSE COUNCILS. REDONDO HAS CLAIMED TO US THAT HE IS CONFIDENT THAT HIS UNION CAN SAFELY ABSORB THE RECENT INFLUX OF DISSIDENT SWC TROTSKYITES, ALTHOUGH HE WOULD BE MOST CONCERNED SHOULD THE PCE ATTEMPT TO INFILTRATE HARDCORE MEMBERS INTO THE UGT.

5. DOMESTIC PROGRAM. THE PSOE'S DOMESTIC PRESCRIPTIONS, THROUGH SOMETIMES VAGUE, ARE REVOLUTIONARY, CALLING FOR NOTHING LESS THAN THE TRANSFORMATION OF SPANISH SOCIETY, AND ADVOCATING, INTER ALIA, THE NATIONALIZATION OF THE
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MAJOR BANKS AND BUSINESS ENTERPRISES AND A FUZZILY DEFINED WORKER SELF-MANAGEMENT AS MEANS TO THISTRANSFORMATION. THE QUESTION OF DEGREE OF NATIONALIZATION AND THE POTENTIAL EFFECT OF THAT DEGREE ON POLITICAL DEMOCRACY ARE LEFT ASIDE. AT THE SAME TIME, THE PARTY MAKES IT CLEAR--AND CREDIBLY SO--THAT IT IS FULLY COMMITTED TO THE DEMOCRATIC RULES OF THE GAME (THE MOST IMPORTANT FUNDAMENTAL DISTINCTION BETWEEN THE PSOE AND THE COMMUNISTS).

6. FOREIGN POLICY LINE. WHILE THE PSOE'S DOMESTIC PRESCRIPTIONS REPRESENT A RATHER STRAIGHTFORWARD SOCIALIST APPROACH TO THE COUNTRY'S PROBLEMS, ITS POSTURE ON FOREIGN POLICY QUESTIONS, WHEN IT FOCUSES ON THEM AT ALL, IN CONSIDERABLY LESS CLEAR. THE PARTY LEADERSHIP HAS PUBLICLY EXPRESSED ITS OPPOSITION TO "THE TWO MAJOR BLOCS" AND TO SPANISH MEMBERSHIP IN NATO, CITING IN THE LATTER CASE THE POSSIBILITY THAT SPANISH ACCESSION TO THE ALLIANCE WOULD UPSET THE INTERNATIONAL BALANCE OF POWER, THEREBY INCREASING SOVIET PRESSURE ON YUGOSLAVIA TO ENTER THE WARSAW PACT IN AN ATTEMPT TO REDRESS THE BALANCE.

AS AN ALTERNATIVE, THE PSOE CALLS FOR THE CREATION OF AN "INDEPENDENT EUROPEAN DEFENSE." PSOE LEADERS HAVE CONSISTENTLY OPPOSED THE US PRESENCE IN SPAIN, "BECAUSE THE SPANISH PEOPLE HAVE NOT BEEN CONSULTED," AND THEY CLEARLY RESENT WHAT THEY SEE AS LONGSTANDING US SUPPORT FOR THE FRANCO REGIME WHICH, IN THEIR VIEW, CONTRIBUTED TO ITS STAYING POWER. IN PRIVATE, HOWEVER, THE PARTY'S TOP LEADERSHIP IS MORE FLEXIBLE, INDICATING, FOR INSTANCE, THAT IT MAY WELL BE DESIRABLE FOR A DEMOCRATIC SPAIN TO JOIN NATO, PROVIDED THERE IS A GENUINE EXPRESSION OF POPULAR WILL THROUGH A DEMOCRATICALLY ELECTED PARLIAMENT.

7. INTERNATIONAL TIES. ALTHOUGH THE GERMAN SPD IS THE PSOE'S PRINCIPAL SOURCE OF FINANCIAL AND ORGANIZATIONAL SUPPORT (AND THE DGB, LIKEWISE, AIDS THE UGT), AND RELATIONS BETWEEN THE TWO PARTIES APPEAR TO BE GOOD AND QUITE CLOSE, THE PSOE'S FOREIGN POLICY POSTURE AND DOMESTIC POLITICAL PACTIC OF PARTICIPATIONS, WITH THE COMMUNISTS, IN OPPOSITION COALITIONS, DEMONSTRATE THE LIMITED NATURE OF THE GERMANS' LEVERAGE ON THE PARTY. IN FACT, AS WE HAVE LEARNED BY OUR EXPERIENCE ELSEWHERE, CONFIDENTIAL

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THERE MAY WELL BE SOME RESENTMENT ON THE PART OF THE RECIPIENT TOWRAD THE DONOR, BECAUSE OF THE FACT OF DEPENDENCY, THE UNSOLICATED ADVISE WHICH ACCOMPANIES IT, AND THE CHARGES OF FOREIGN MANIPULATION TO WHICH THE SPD TIE PERIODICALLY EXPOSES THE PSOE. THE FRENCH SOCIALISTS DO NOT APPEAR TO OFFER ANTHING APPROACHING THE TNAGIBLE SUPPORT PROVIDED BY THE SPD, BUT MITTERAND, AS A SUCCESSFUL "LATIN" SOCIALIST, MAY HOLD MORE APPEAL, PARTICULARLY TO THE PSOE BASE, AS A POLITICAL EXAMPLE THAN DO BRANDT AND THE OTHER NORTHERN EUROPEAN SOCIALIST FIGURES, NOTWITHSTANDING THE GREAT RESPECT WHICH PSOE LEADERS HAVE FOR THEM. THERE ALSO EXISTS A STRONG BOND WITH FELLOW IBERIAN SOCIALIST MARIO SOARES, ALTHOUGH HIS LONGSTANDING FRIENDSHIP WITH THE PSP'S TIerno GALVAN INTRODUCES AN ELEMENT OF UNCERTAINTY INTO THE RELATIONSHIP AND THE PSOE LEADERSHIP APPEARS TO BELIEVE THAT THE UNIQUE NATURE OF THE PORTUGUESE REVOLUTION MEANS THAT THE EXPERIENCE OF SOARES AND THE PORTUGUESE SOCIALISTS IS ONLY MODESTLY RELEVANT TO THE SPANISH SITUATION.

8. THE TACTICAL DILEMMA. THE PSOE IS CAUGHT BETWEEN SHARING THE INTEREST OF THE GOVT IN SEEING THE REFORM PROCESS CULMINATE IN THE HOLDING OF FREE ELECTIONS TO A CONSTITUENT LEGISLATURE, WHILE AT THE SAME TIME NOT WANTING TO BE TOO CLOSELY IDENTIFIED WITH A PROCESS WHICH COULD FAIL, THEREBY EXPOSING ITSELF TO CHARGES, PARTICULARLY FROM THE COMMUNISTS, THAT IT HAS SOLD OUT AND CANNOT

CREDIBLY REPRESENT THE WORKING CLASS CONSEQUENTLY, THE PSOE ALTERNATIVES BETWEEN MUTED PROFESSIONS OF SUPPORT FOR THE REFORM PROCESS AND BELABORING THE GOVT FOR THE IMPERFECTIONS (REAL OR IMAGINED) OF ITS OFFORT OR ARTICULATING SUSPICIONS ABOUT ITS ULTIMATE INTENTIONS. AND THE PSOE'S POSTURE VIS-A-VIS THE REFORM PROCESS IS MADE EVEN MORE TICKLISH BY THE PRESSURE OF THE PCE ON THE PARTY'S IMMEDIATE LEFT AND THE FULMINATIONS OF THE MORE RADICAL ELEMENTS WITHIN ITS OWN BASE.

9. THE PCE ALBATROSS. THE PSOE LEADERSHIP, WHILE EXTREMELY SUSPICIOUS OF THE COMMUNISTS, IS ALSO CONCERNED THAT, IF IT MISSTEPS, THE PCE'S EUROCOMMUNIST SIREN-CALL COULD MAKE OFF WITH A MEASURABLE SEGMENT OF THE PARTY'S BASE
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(WHICH, FROM OUR POINT OF VIEW, MIGHT BE ALL TO THE GOOD IN DELINEATING THE DEMOCRATIC AND UNDEMOCRATIC LEFT). THIS PROBLEM OF POLITICAL ATTRACTION-AVOIDANCE IS FURTHER COMPLICATED BY WHAT THE OPPOSITION TENDS TO VIEW AS THE GOVT'S "DISCRIMINATION" AGAINST THE COMMUNISTS THROUGH ITS REFUSAL TO OFFER THE PCE THE SAME LEGAL STATUS WHICH HAS BEEN PROFFERED TO ALL OTHER MAJOR PARTIES. THIS "POLITICAL MARTYRDOM" OF THE COMMUNISTS HAS THE UNDERSIRABLE EFFECT OF COMPELING THE PSOE, BY ITS LIGHTS, TO EMBRACE THE PCE IN ORDER TO KEEP IT AT ARMS' LENGTH. THE GOVT'S POSITION ON LEGALIZATION OF THE PCE, WHILE UNDERSTANDABLE, IS THUS PARTLY RESPONSIBLE FOR THE DEGREE OF TACTICAL COOPERATION WHICH EXISTS BETWEEN THE COMMUNISTS AND PSOE AND ALSO HAS CONTRIBUTED TO HARDENING THE PSOE'S STANCE, AT LEAST IN PUBLIC, ON MANY REFORM-RELATED ISSUE. ALL THIS HAS MEANT THAT THE PSOE LEADERSHIP HAS SEEN ITSELF OBLIGED TO WIELD A CUDGEL FOR THE COMMUNISTS WHEN IT OFTEN WOULD HAVE PREFERRED TO BE FREE TO USE IT ON THEM.

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10. BALANCING BASE AND CONSTITUENCY. IN ADDITION TO THE PERCEIVED EXTRAMURAL THREAT OF THE PCE, THE PSOE LEADERSHIP ALSO IS CONSTRAINED BY THE PARTY'S OWN MORE RADICAL ELEMENTS. IT IS GENERALLY AGREED, INCLUDING AMONG THE LEADERSHIP ITSELF, THAT THE PARTY'S ORGANIZED BASE TENDS TO BE MORE RADICAL THAN ITS POTENTIAL CONSTITUENCY AND, ON BALANCE, THAN THE EXECUTIVE COMMITTEE ITSELF. THIS IS PARTLY THE RESULT OF THE PARTY'S RADIP GROWTH OVER THE PAST YEAR, AND THE INFLUX OF MORE RADICAL ELEMENTS, QUITE POSSIBLY INCLUDING SOME PCE FIFTH COLUMNISTS. CONSEQUENTLY, THE LEADERSHIP HAS TO STRIKE AN ACCEPTABLE BALANCE AMONG DISPARATE TENDENCIES WITHIN THE BASE TO PREVENT SPLINTERING AND, MORE IMPORTANTLY, ALSO ENSURE THAT IT DOES NOT PURSUE A LINE WHICH HOLDS THE BASE TOGETHER BUT ALIENATES A SIGNIFICANT SECTOR OF ITS LESS POLITICIZED ELECTORAL CONSTITUENCY. THE PSOE LEADERSHIP HAS EXPRESSED CONFIDENCE THAT THIS GAP WILL CONTINUE TO BE BRIDGED WITH LITTLE DIFFICULTY; HOWEVER, IT REMAINS TO BE SEEN HOW EFFECTIVELY

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THE INCUMBENT LEADERSHIP, WHICH APPEARS IN NO DANGER OF BEING UNSEATED, WILL PARRY WHAT COULD BE A CONCENTRATED EFFORT AT THE DECEMBER 5-8 CONGRESS BY THE PARTY'S MORE RADICAL SECTORS TO MOVE THE PSOE FURTHER LEFTWARD. SOME DELEGATES TO THE CONGRESS REPORTEDLY WILL GO SO FAR AS TO DISINTER THE OLD SHIBBOLETH OF THE DICTATORSHIP OF THE PROLETARIAT, WHICH WOULD PLACE THOSE SEGMENTS OF THE PSOE BASE VISIBLY TO THE LEFT OF THE PCE.

11. ATTITUDE TOWARD ELECTIONS. THE PROMISED 1977 CONSTITUENT PARLIAMENT ELECTIONS ARE UPPERMOST IN EVERYONE'S MIND AND THE CONTEST WEIGHS MORE HEAVILY IN THE POLITICAL BALANCE THAN DOES ANY PARTICULAR SET OF PROGRAMMATIC ISSUES PER SE. THE PSOE, IN SPITE OF ITS SUPPORT OF ABSTENTION IN THE DECEMBER 15 REFERENDUM, HAS MADE IT CLEAR ALL ALONG THAT IT WANTS TO COMPETE IN THE ELECTIONS (REF C). HOWEVER, SUCH A DECISION CONTINUES TO BE CONTINGENT UPON THE OUTCOME OF THE CONGRESS AND SOME SORT OF ACCOMMODATION AS TO GUARANTEES FOR A FAIR ELECTORAL CONTEST AND THE MODALITIES OF PARTICIPATION.

12. LIKELY ELECTORAL BEHAVIOR. IDEALLY, THE PSOE WANTS EACH MAJOR POLITICAL GROUPING TO PRESENT ITS OWN CLEARLY LABELED LIST OF CANDIDATES IN ORDER TO SORT OUT RELATIVE ELECTORAL STRENGTHS. IF THE ABOVE CONDITIONS ARE NOT SATISFACTORILY MET, HOWEVER, IT COULD BE DIFFICULT FOR THE PSOE TO PRESENT ITS OWN INDEPENDENT SLATE OF CANDIDATES. CONSEQUENTLY, IN SPITE OF THE LEADERSHIP'S CONSISTENTLY REITERATED OPPOSITION TO ELECTORAL ALLIANCES (THE MOST RECENT HAVING TAKEN PLACE DURING GONZALEZ'S MEETING WITH THE AMBASSADOR ON NOVEMBER 25 -- REF A), THE PSOE HAS AT LEAST FOUR ELECTORAL OPTIONS IN ADDITION TO THE PRESENTATION OF ITS OWN LIST: ABSTENTION; PARTICIPATION IN AN ALL-INCLUSIVE TRADITIONAL OPPOSITION LIST; COALITION WITH PARTIES TO THE PSOE'S RIGHT; OR AN ELECTORAL ALLIANCE WITH THE COMMUNISTS. EACH OF THESE ALTERNATIVES, HOWEVER, HAS ITS OBVIOUS DRAWBACKS. ABSTENTION OR PARTICIPATION IN A UNIFIED TRADITIONAL OPPOSITION SLATE PROBABLY WOULD BE EMPLOYED ONLY IN EXTREMIS, BECAUSE THE FORMER WOULD SEVERELY UNDERMINE THE CONTEST AND THE REFORM PROCESS GENERALLY, THE LATTER WOULD BE POLARIZING. AND IN BOTH CASES, THE

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A COALITION WITH PSOE'S POLITICAL CONSTITUENCIES COULD BE JEOPARDIZED. NON-LEFTIST PARTIES WOULD MAKE SEGMENTS OF THE BASE RESTIVE AND WOULD OPEN THE PSOE TO POTENTIALLY DAMAGING CRITICISM FROM, AND INROADS BY, THE COMMUNISTS. (THE POSSIBILITY OF EVEN A PSOE ALLIANCE WITH OTHER SOCIALIST GROUPINGS APPEARS REMOTE, IN VIEW OF GONZALEZ'S STATEMENTS REPORTED REF A.) AN ALLIANCE WITH THE COMMUNISTS, ON THE OTHER HAND, ALTHOUGH CONSISTENTLY VIEWED IN PUBLIC BY PSOE LEADERS AS ACCEPTABLE IN PRINCIPLE, IS SEEN BY THEM AS UNDERSIRABLE IN PRACTICE, AND GONZALEZ PRIVATELY CONTINUES TO EXPRESS PROFOUND RELUCTANCE TO PURSUE SUCH A COALITION. THE PSOE LEADERSHIP FINDS ANY SUCH ALLIANCE TROUBLESOME ON A NUMBER OF COUNTS: IT REMAINS PROFOUNDLY SUSPICIOUS OF THE PCE AND ITS INTENTIONS; IT BELIEVES THE MILITARY WOULD REACT NEGATIVELY TO SUCH A DEVELOPMENT; AND IT ONLY WANTS TO CONSIDER SUCH A COALITION

WHEN ELECTORAL FOLLOWINGS ARE CLEAR AND THE PSOE IS OPERATING FROM A POSITION OF RELATIVE STRENGTH. AT THE SAME TIME, GONZALEZ DOES NOT RULE OUT SOME FORM (UNDEFINED) OF TACTICAL "ACCOMMODATION" WITH THE COMMUNISTS IF THE GOVT APPEARS TO BE STACKING THE DECK AGAINST THE LEFT.

13. IN SUM, THE PSOE HAS A FEW OF ITS OWN INTERNAL CONTRADICTIONS TO RESOLVE. PROBABLY THE GREATEST CHALLENGE THE PARTY LEADERSHIP WILL FACE IN THE COMING MONTHS WILL BE TO PRESENT THE SPANISH PUBLIC WITH A CLEAR CHOICE, NOT AN ECHO, VIS-A-VIS THE PCE, WHILE AT THE SAME TIME NOT MAKING THE PARTY VULNERABLE TO DEBILITATING ENCROACHMENTS FROM THE LEFT. IF THE PARTY MOVES AND STAYS TOO FAR LEFT, IT PROBABLY WOULD LOSE A SIGNIFICANT PART OF ITS CONSTITUENCY, SPANISH SOCIALISM WOULD BE FURTHER DIVIDED, AND THE COMMUNISTS WOULD BE SIGNIFICANTLY STRENGTHENED, IF ONLY BY DEFAULT. ON THE OTHER HAND, IF THE PARTY MOVES TOO FAR TOWARD THE CENTER, IT COULD CONTRIBUTE TO A SITUATION IN WHICH THE CLOUT OF THE COMMUNISTS, CLAIMING WITH SOME CREDIBILITY TO "BE THE LEFT," COULD INCREASE DRAMATICALLY WITHIN THE WORKING CLASS. IN EITHER CASE, THE LONG-TERM EVOLUTION OF AN ITALIAN-TYPE SITUATION OF THE LEFT COULD BE THE RESULT UNLESS ANOTHER VIABLE SOCIAL DEMOCRATIC/SOCIALIST ALTERNATIVE WERE TO DEVELOP. THE IMPEDNING PSOE CONFIDENTIAL

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GRESS WILL BE A GOOD INDICATION OF THE PARTY LEADERSHIP'S ABILITY SUCCESSFULLY TO WALK THIS POLITICAL TIGHTROPE. STABLER

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